

**CORPORATIONS COMMITTEE
BUSINESS LAW SECTION
THE STATE BAR OF CALIFORNIA
180 HOWARD STREET
SAN FRANCISCO, CA 94105-1639
www.calbar.org/2sec/3bus/2busndx.htm**

June 16, 2003

**H. Carl McCall
Leon E. Panetta**

New York Stock Exchange, Inc.
11 Wall Street
New York, NY 10005

Re: Exchange Governance

Dear Messrs. McCall and Panetta:

We are writing to request that the special governance committee recently appointed by the New York Stock Exchange (the "NYSE") hold public hearings in California. This request is being made on behalf of the Corporations Committee (the "**Committee**") of the Business Law Section of the State Bar of California (the "**Business Law Section**"). Please note that positions set forth in this letter are only those of the Committee. As such, they have not been adopted by either the State Bar's Board of Governors, its overall membership, or the overall membership of the Business Law Section, and are not to be construed as representing the position of the State Bar of California. The Committee is composed of attorneys regularly advising California corporations and out-of-state corporations transacting business in California. **Membership in the Business Law Section, and on the Committee, is voluntary and funding for activities of them, including all legislative activities, is obtained entirely from voluntary sources. There are currently more than 9,500 members of the Business Law Section.**

In a letter dated May 14, 2003 to Securities and Exchange Commission Chairman William Donaldson, NYSE Chairman Richard A. Grasso announced that the NYSE had established a special governance committee to review all aspects of the exchange's governance. Chairman Grasso further advised Chairman Donaldson that the special governance committee would hold several days of public hearings.

In light of the population and economic significance of California, we are requesting that hearings be held here. California's economy is larger than that of most countries in the world. According to one study, California serves as the headquarters for more public companies than any other state, with approximately 16% of all publicly traded corporations being headquartered

in California.¹ California is also home to a significant percentage of the population of the United States.

The Committee also believes that California lawyers can contribute to comments being received by the NYSE's special governance committee. Members of the Committee routinely represent issuers whose securities are listed on the NYSE as well as securities professionals, and investors. Several members of the Committee have served in various positions with state and federal securities regulators.

For the foregoing reasons, the Committee believes that the NYSE's special governance committee would benefit from holding public hearings in California. Please do not hesitate to contact us if the special governance committee would like to discuss holding hearings in California.

Keith Paul Bishop
Co-Chair

Bruce Dravis
Co-Chair

Cc: Kenneth G. Langone
Peter N. Larson
Gerald M. Levin
Robert M. Murphy
Henry M. Paulson, Jr.
Lawrence W. Sonsini.

¹ Guhan Subramanian, *The Influence of Antitakeover Statutes on Incorporation Choice: Evidence on the "Race" Debate and Antitakeover Overreaching*, 150 U. Pa. L. Rev. 1795, 1816 (2002).

**The State Bar of California Business Law Section
Corporations Committee Members**

As of the date of this letter, the Corporations Committee is composed of the members shown below, not all of whom necessarily endorse each and every recommendation and view expressed in this letter. Taken as a whole, however, this letter reflects a consensus of the members of the Corporations Committee.

Curt C. Barwick
Keith Paul Bishop, Co-Chair
John C. Carpenter
Nelson D. Crandall
Bruce Dravis, Co-Chair
James K. Dyer, Secretary
Teri Shugart Erickson
Timothy J. Fitzpatrick
James F. Fotenos
Steven K. Hazen
Mark T. Hiraide
Victor Hsu
John H. Marlow
B. Keith Martin
Brian D. McAllister, Vice-Chair, Communications
Stewart Laughlin McDowell
Ethna M.S. Piazza
David M. Pike, Vice-Chair, Education
Cynthia Ribas
Randall Brent Schai
James R. Walther
Daniel J. Weiser
Neil J Wertlieb
Nancy Wojtas, Vice-Chair, Legislation
Brian M. Wong